



Maryland
Hospital Association

March 10, 2022

To: The Honorable Shane E. Pendergrass, Chair, House Health & Government Operations Committee

Re: Letter of Support- House Bill 1274 - Prescription Drugs - Pharmacy Benefits Managers and Purchasers - Federal 340B Program

Dear Chair Pendergrass:

On behalf of the Maryland Hospital Association's (MHA) 60 member hospitals and health systems, we appreciate the opportunity to comment on House Bill 1274. Maryland hospitals support legislation that protect the 340B Drug Pricing Program (340B program). The 340B program allows hospitals that treat a large number of low-income patients (340B hospitals) to purchase certain outpatient drugs at a discount. Since many outpatient drugs have high prices—and others have prices that are outpacing inflation—the discounts allow 340B hospitals to stretch limited resources, support vital hospital operations, and deliver services to low-income and uninsured patients.

HB 1274 would establish requirements and prohibitions for health plans that provide prescription drug benefits (purchasers) and pharmacy benefits managers (PBM). Among others, the bill would prohibit purchasers and PBMs from discriminating against community pharmacies that contract with 340B hospitals (340B pharmacies), such as paying 340B pharmacies at lower rates, imposing different contractual terms, or transferring 340B program savings from a pharmacy or pharmacist to a purchaser or PBM.

In addition to 340B pharmacies, the bill includes protections for 340B hospitals as well. Under the bill, purchasers and PBMs are prohibited from requiring a billing modifier to indicate that a claim was for a prescription drug acquired through the 340B program unless intended to prevent Medicaid duplicate discounts. Purchasers and PBMs in some jurisdictions have used such billing modifiers to reimburse providers at a lower rate. The bill would also prohibit a purchaser or a PBM from excluding a 340B hospital from the payer's network based on the hospital's participation in the 340B program.

The proposed protections are important for patients, 340B hospitals, and their community pharmacy partners. Some 340B hospitals contract with community pharmacies to help improve patient access to needed medication. These contractual arrangements allow 340B hospital patients to pick up their prescription medication from their local community pharmacy without a return visit to the hospital, which can be time-consuming especially for patients in rural areas. The arrangement eases patient access to medication by saving them time and money, which can help improve medication adherence and health outcomes.

For these reasons, we urge a *favorable* report for HB 1274.

For more information, please contact:
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